## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 IO-11 ISO-00 EB-07 AGR-05 CIAE-00

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E.O. 11652: N/A TAGS: ETRD, TS

SUBJECT: COUNTERVAILING DUTY INVESTIGATION: FOOTWEAR FROM

**TAIWAN** 

REF: STATE 001034

1. EMBASSY OFFICERS AND CUSTOMS ATTACHE MET WITH T.T. WANG (WANG I-TING), DIRECTOR GENERAL OF THE BOARD OF FOREIGN TRADE, AND OFFICIALS OF THE REPUBLIC OF CHINA FOOTWEAR MANUFACTURERS ASSOCIATION JANUARY 7 TO DISCUSS THE SUBJECT COUNTERVAILING DUTY INVESTIGATION AND EXPLAIN REASONS FOR TREASURY FINDING. ACCORDING TO WANG, FOOTWEAR MANUFACTURERS ARE NOT REPEAT NOT ELIGIBLE TO RECEIVE BENEFITS UNDER THE NEW (MAY 1975) STATUTE FOR THE ENCOURAGEMENT OF INVESTMENT FAVORING EXPORT ORIENTED INDUSTRIES. THEY DO BENEFIT FROM THE GENERAL TAX INCENTIVES FOR INVESTMENT SIMILAR TO THE U.S. INVESTMENT TAX CREDIT. HOWEVER, THESE ARE AVAILABLE TO ALL MANUFACTUR-ING FIRMS WHETHER INVOLVED IN EXPORT OR NOT. WANG NOTED THAT RUBBER FOOTWEAR WAS ELIGIBLE FOR SPECIAL BENEFITS UNDER THE PREVIOUS STATUTE, THOUGH NOT PLASTIC FOOTWEAR. THUS THE ROC FOOTWEAR INDUSTRY PRESENTLY ENJOYS NO BENEFITS WHICH ARE NOT AVAILABLE TO ALL MANUFACTURING FIRMS IN LIMITED OFFICIAL USE

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TAIWAN.

- 2. WE INFORMED WANG THAT FIVE PERCENT ADDITIONAL DUTY ON ROC FOOTWEAR WOULD BE IN FORCE UNTIL FURTHER INVESTIGATION WAS MADE, BUT THAT LIQUIDATION OF ENTRIES WOULD BE SUSPENDED. IN THIS CONNECTION THE CUSTOMS ATTACHE TOLD WANG THAT HE WOULD BE RECEIVING A QUESTIONNAIRE FROM TREASURY. WANG AND FOOTWEAR ASSOCIATION OFFICIALS PROMISED THEIR COOPERATION IN PROVIDING THE NECESSARY INFORMATION.
- 3. WANG SAID THAT SINCE IT APPEARED THAT THERE WERE NO GROUNDS FOR THE COUNTERVAILING DUTY, THE ROC'S REAL CONCERN WAS WITH THE ITC'S CURRENT INVESTIGATION OF FOOTWEAR IMPORTS. BASED ON CONVERSATIONS DURING HIS RECENT VISIT TO WASHINGTON, WANG IS CONVINCED THE ITC WILL MAKE A POSITIVE FINDING OF INJURY. HE ASKED US TO URGE THAT WHATEVER ACTION IS TAKEN, IT BE TAKEN PROMPTLY, SO THAT TRADE WOULD NOT BE UNDULY DISRUPTED. HE APPEARSS CONVINCED THAT QUOTAS WILL BE IMPOSED, SINCE, AS HE SAID, "RAISING TARIFFS WILL NOT SOLVE YOUR PROBLEM."

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## Message Attributes

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